No. 88-2102

Supreme Court, U.S.
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IN THE SUPREME COURT OF THE UNITED STATES
October Term, 1989

JAMES STEWART, ET AL.,

Petitioners,

v.

SHELDON ABEND, d/b/a
AUTHORS RESEARCH COMPANY

Respondent.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF FOR THE REGISTER OF COPYRIGHTS AS AMICUS CURIAE SUPPORTING RESPONDENT

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QUESTION PRESENTED

Under the copyright renewal provisions of the 1909 Copyright Act, did the death of the author of the underlying work prior to the renewal period terminate the author's grant of derivative work rights for the renewal term?

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BRIEF FOR THE REGISTER OF COPYRIGHTS AS AMICUS CURIAE SUPPORTING RESPONDENT

INTEREST OF THE AMICUS CURIAE

This case presents an important and recurring question concerning the meaning and application of the renewal provisions of section 24 of the Copyright Act of 1909 (formerly 17 U.S.C. §24 (1909)). The Copyright Office, a branch of the Library of Congress, is generally responsible for-

discharging "[a]ll administrative functions and duties," under the Copyright Act of 1976 (17 U.S.C. 701(a)). Section 304 of the 1976 Act provides that the Copyright Office shall continue to make renewal registrations for all eligible works in which federal copyright subsisted for the first term on January 1, 1978. Thus, the renewal provisions found in section 24 of the 1909 Act continue to play an important and significant role for works created on or before January 1, 1978 and will continue to do so well into the next century.

Because the Copyright Office continues to play an active role in the renewal process through registration, it has a strong interest in ascertaining the substantive rights of renewal applicants and carrying out the intent of the 1909 Congress. The law of renewal is complicated and involved and much in need of judicial clarification. To better

facilitate such a clarification, and to fulfill its administrative functions and duties under the Copyright Act, the Copyright Office submits its views on the present controversy.

STATEMENT

A. THE STATUTORY FRAMEWORK

The Copyright Act of 1909 provided that "copyright secured by this title shall endure for twenty-eight years from the date of first publication." 17 U.S.C. 24 (1909). The same section also provided for a second, or renewal term of twenty eight years under the following conditions:

> That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower or children be not living, then the author's executors, or in the absence of a

> will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright.

The 1909 Act thus had two "terms" of copyright: a first "original" term of 28 years, and a second, "renewal" term of 28 years, which was conditioned upon compliance with the provisions of Section 24. Failure to comply with those provisions resulted in the copyright expiring at the end of the original 28 year term.

B. THE FACTS OF THE CASE

Petitioners MCA, Inc., Universal Film Exchange, Inc., James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor are co-trustees and co-executors respectively of the estate of Alfred Hitchcock. Sheldon Abend, d/b/a Authors Research Co., is the

owner of the renewal copyright on the original story on which the motion picture "Rear Window" was based. Abend's complaint alleges copyright infringement based on the petitioner's re-release of "Rear Window" in theatres, on television and videocassette.

"Rear Window" is based on a story written by Cornell Woolrich entitled "It Had to be Murder," which was first published in February 1942 in the Dime Detective Magazine. In 1945, Woolrich agreed to assign the rights to make motion pictures of six of his stories, which included "It Had to be Murder," to B.G. DeSylva Productions. He also agreed to renew the copyrights in the stories at the appropriate times and then assign the same movie rights to DeSylva for the duration of the renewal extension.

In 1954, Paramount Pictures produced and distributed the movie version of Woolrich's story "It Had to be Murder" entitled

"Rear Window." Woolrich died in 1968 without a surviving spouse or child. He left his property to a trust administered by his executor, Chase Manhattan Bank, for the benefit of Columbia University. In December of 1969, Chase Manhattan renewed the copyright in "It Had to be Murder" pursuant to 19 U.S.C. §24 of the 1909 Copyright Act. Chase Manhattan then assigned the renewal copyright in the story to Respondent Abend in 1972.

In 1974, Respondent Abend brought suit against MCA, Alfred Hitchcock and James Stewart, the owners of the "Rear Window" film, alleging copyright infringement of "It Had to be Murder" based on television broadcasts of the film. The parties were able to settle the suit and Respondent dismissed his complaint. However, three years later the Second Circuit handed down its decision in Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.), cert.

denied, 431 U.S. 949 (1977). Based solely on this decision, involving unrelated parties, the petitioners re-released "Rear Window" on a nationwide basis and garnered revenues in excess of $12 million.

Respondent brought suit against Hitchcock, Stewart and MCA and included Universal Film Exchange, the distributor of the film. Respondent alleged, inter alia, that the re-release of "Rear Window" infringed his renewal rights to "It Had to be Murder." Based on its review and application of the Rohauer decision, the district court denied respondent's motion for summary judgment.

On appeal the Court of Appeals reversed, finding that the Rohauer court misapplied prior law governing copyright renewals under the 1909 Act. The Ninth Circuit placed heavy reliance on the Supreme Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S.

373 (1960), which held that an assignment of full copyright renewal rights by the author prior to the time for renewal cannot defeat the right of the author's statutory successor to the renewal copyright when the author dies before the time that the right for renewal has accrued. The court of appeals thus reasoned that in the present case, an assignment of part of the rights in "It Had to be Murder"--i.e. the right to produce a movie version--must be unenforceable if the author dies before effecting renewal of the underlying copyright.

The court of appeals also examined the legislative history of the 1909 Act and found the Rohauer court's reliance on the provisions of the 1976 Act and equitable concerns misplaced and inconsistent with Congressional intent under the 1909 Act. The court concluded: "Neither the equities, precedent, nor Congressional

intent justify us in changing the balance between owners of renewal copyrights in underlying works and owners of the copyright in derivative works when Congress has refrained from doing so."

SUMMARY OF THE ARGUMENT

The court of appeals below correctly held that this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) controls, and it correctly applied Miller to the facts at issue. The decision below should, therefore, be affirmed. In reaching a contrary result, the district court below erroneously relied on Rohauer, a decision that has apparently been disavowed, however gently, by its own circuit, and which was, in any event, incorrectly decided.

In Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943), this

Court held that under the 1909 Act an author could assign his or her vested copyright rights in the original term as well as in futuro rights to the renewal term copyright, provided that the author survived into the renewal period. As a logical corollary to Fisher v. Witmark, in Miller Music Corp. v. Charles N. Daniels, Inc., supra, this Court held that if the author failed to survive into the renewal period, any assignment of rights for the renewal term was void, and consequently, the author's statutory heirs "obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime." 362 U.S. at 375.

This case involves a very straightforward application of Fisher v. Witmark and Miller Music v. Daniels: the author Woolrich, during the original term, made an assignment to petitioners' predecessor permitting the making of a derivative

motion picture for both the original and renewal terms. Woolrich died, however, before the renewal period, and thus, his assignment to petitioners for the renewal period was void.

ARGUMENT

THE COURT OF APPEALS CORRECTLY HELD THAT THE DEATH OF THE AUTHOR BEFORE THE RENEWAL PERIOD CUTS OFF THE CONTINGENT INTEREST OF THE AUTHOR'S ASSIGNEE

A. Fisher v. Witmark and Miller Music v. Daniels.

The 1909 Copyright Act is based on two discrete grants of protection: an original term of 28 years, and a second or so-called "renewal" term of 28 years. This renewal term is entirely contingent upon the author or his or her statutory successors filing a renewal application at the appropriate time. If a proper renewal application is not made, the copyright in the work expires at the end of the original 28 year term. Due to economic necessity, it was common

practice for authors to assign rights to both the original and renewal term to a publisher or other distributor. These distributors would frequently then enter into sublicenses with third parties for the creation of "derivative works" -- works based on or "derived from" the copyrighted work. Sometimes, as in the present case, the author would directly license the creation of a derivative work, here a motion picture based on a story.

In Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943), this Court addressed the issue of whether assignments of both the vested original term and the in futuro renewal term were enforceable under the statute. In answering this question affirmatively, the Court reviewed the legislative history of the 1909 Act (the same statute involved here) and found a Congressional intent to give the author (or his or her statutory

successors) two bites at the apple, by providing for two terms of relatively short duration, as opposed to a single term of equal aggregate duration. 318 U.S. at 654. A single term, it was believed, would work to the author's detriment since he or she could be compelled by economic necessity to assign all rights at the beginning of the term, and thus would not benefit in the event the work proved successful a number of years down the road. By providing that an author must survive until the renewal period for the assignment of renewal rights to be valid, this Court permitted the authors' successors to have the "second bite at the apple."

Miller Music v. Daniels merely applied Fisher v. Witmark to a factual setting like the present one, where the author left no heirs and the estate was thus administered by an executor. As with the present case, the copyright owner in Miller Music v.

Daniels had, during the original term, assigned rights in both the original and renewal term, but died before the renewal period.[1]

Importantly for this case, the Miller court held that where an author dies before the renewal period, the statutory successors "obtain the renewal copyright free of any claim founded upon an author in his lifetime. These results follow not because the ... assignment is invalid, but because [the author] had only an expectancy to assign; and his death, prior to the renewal

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[1] The "renewal period" is the statutory period at the end of the first term of copyright during which application for renewal must be filed and registration made in the Copyright Office. Originally, the renewal period was the last year of the first term of copyright. Under section 305 of the 1976 Act, all terms of copyright run to the end of the calendar year in which they would otherwise expire. This means that, depending on the date copyright was originally secured, some works are eligible for renewal for nearly 2 years at the end of the first term of copyright.

period, terminates his interest in the renewal...." 362 U.S. at 375. [2]

The Miller Court recognized that the law might result in a hardship on the authors' assignee since the assignee, based solely on the infelicitous and unpredictable event of the author's death, lost rights it had been assigned, but the Court also noted that "[w]hether it works at times an injustice is a matter for the Congress, not for us." Id. at 378.[3]

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2 The renewal right can be exercised only during the statutory renewal period by registration by the living statutory claimant. The renewal interest in the copyright vests upon timely registration by the proper renewal claimant. Once vested, the renewal interest is no longer an expectancy, and the subsequent death of the claimant during the remainder of the renewal period has no effect on ownership of the copyright in the renewal term. Frederick Music Company v. Don Sickler, 88 Civ. 4169 (S.D.N.Y. March 17, 1989).

3 This "injustice" was considered by the Congress when it enacted the 1976 Copyright Act. Section 304(c)(6)(A) now provides that owners of derivative works prepared under a grant of authority by the

The Court further noted, however, that in practice the assignee "is deprived of nothing. Like all purchasers of contingent interests, he takes subject to the possibility that the contingency may not occur." Id. Indeed, there was no prohibition on assignees structuring their purchase agreement accordingly: payment

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author of the underlying work may continue to utilize the derivative work under the terms of the grant even after the 35 year termination of that grant. However, the court of appeals decision in this case does not, in fact, work an injustice. The owner of the motion picture "Rear Window" will be able to license exhibition of the film, but the copyright owner of the underlying story from which the film was derived, must be appropriately compensated. Woolrich's assignee received only contingent rights in the renewal term, and their contingent nature would have affected the price paid for the rights. Also, in other derivative works -- for example, anthologies, abridgements, and translations -- the relative significance of the contribution by the original author far overshadows the derivative authorship. Absent clear statutory language the Court should not adopt an interpretation of the 1909 Act that would truly be unjust, by allowing continued use of any derivative work in the renewal term, without compensation to the owner of copyright in the original work.

for the renewal period could have been made contingent in part on the author's surviving into the renewal period.

In summary, while the system is fraught with the uncertainty of life, prudent assignees could and did protect themselves by determining when and how much to pay for the expectant rights, and it is difficult to believe that large corporate users of copyrighted works, like petitioner motion picture companies here, were without legal counsel capable of making the best of the situation. In any event, everyone, including petitioners here, negotiated their agreements with full knowledge that the rights they obtained were expectant ones only.

B. The Rohauer Diversion.

All was well until 1977, when the Second Circuit handed down its decision in Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.), cert. denied, 431 U.S. 949

(1977). Rohauer involved a dispute over the 1926 motion picture "The Son of the Sheik," starring Rudolph Valentino. In 1925, Edith Hull completed and published a novel entitled "The Sons of the Sheik." In December of that year, she assigned the motion picture rights to her copyrighted novel to Joseph Moskowitz who subsequently produced and released the film "The Son of the Sheik." The assignment of the movie rights was for the original term of the copyright plus the 28 year renewal term. After release of the film, the copyright in the film, a derivative work of the original novel, was assigned on several occasions until it made its way into the hands of the defendant Killiam.

Ms. Hull died in 1943, well before the renewal period. In 1952, her daughter renewed the copyright in the novel pursuant to section 24 of the 1909 Act and in 1965 assigned the movie and television rights to

Rohauer. In 1971, the original "The Son of the Sheik" film was shown on a New York public television station using a tape made from a print obtained from defendant Killiam. Rohauer contended that he owned the exclusive rights to movie versions of Ms. Hull's novel during the renewal period, and that Killiam's interest in the renewal period was cut off when Ms. Hull died before the renewal year. Defendant Killiam argued that although no new motion picture versions of the novel could be created, since Ms. Hull's daughter had assigned that right for the renewal period to the plaintiff, Killiam could still authorize exhibitions of the original film since the film was made during the term of Ms. Hull's original copyright and pursuant to an assignment made during that term. The district court agreed with the plaintiff, believing that its holding was consistent with previous Second Circuit decisions,

particularly G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir.), cert. denied, 342 U.S. 849 (1951).

The court of appeals reversed. Judge Friendly, writing for the court, dismissed the caselaw as distinguishable and inapplicable to the issue of the defendant's rights in the derivative work during the renewal period. In particular, Judge Friendly attempted to distinguish this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) and the Second Circuit's decision in G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir.), cert. denied, 342 U.S. 849 (1951). The court then focused on the opinions of the commentators and tersely concluded that there was no forceful agreement among them as to the proper interpretation of Section 24.

Rohauer's sway in the Second Circuit was, however, apparently short-lived. In Filmvideo Releasing Corp. v. Hastings, 668 F.2d 91, 93 (2d Cir. 1981), Rohauer was described as a "minor abberation," and it is not without significance that in reaching its result, the Filmvideo Releasing Corp. court approvingly cited the Ninth Circuit's opinion in Russell v. Price, 612 F.2d 1123 (9th Cir. 1979), cert. denied, 446 U.S. 952 (1979). Russell contains an extensive discussion and criticism of Rohauer, 612 F.2d at 1126-1129, a discussion cited in Filmvideo Releasing Corp., 668 F.2d at 92.

C. The Court of Appeals Below Correctly Applied This Court's Decision in Miller Music v. Daniels.

After reviewing Rohauer and this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), the court of appeals below held

that Miller Music "provides ineluctable authority for Abend's position. Since Woolrich died before the renewal period arrived, his purported assignment of renewal rights is ineffective and irrelevant; the most defendant's predecessors could have acquired was an expectancy in the right to use the story that underlies the derivative work during the story's renewal period." 863 F.2d at 1475.

We agree. This Court's decision in Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943) established that any assignment of renewal rights made during the original term is void if the author dies before the renewal period. Miller Music, supra, established that under such circumstances, the author's statutory successors take the renewal rights - all of them - free and clear of any assignments made by the author.

Defendants' only recourse is to a different statute, Section 304(c)(6)(A) of the 1976 Act, construed by this Court in Mills Music, Inc. v. Snyder, 469 U.S. 153 (1985). Not only does Section 304(c)(6)(A) involve a different statute, inapplicable to this case, but it involves a new term of protection, established for the first time under the 1976 Act, based on an entirely different set of policy considerations. The 1976 Act left intact the structure of the renewal provisions for pre-1978 works, merely adding an additional 19 years on to the renewal term. Greatly simplified, Section 304 of the Act provides with respect to this additional 19 year term that the author can elect to terminate any grant of rights made in the work. The author can not, however, terminate assignments for the "original" renewal term of 28 years. If Congress wished to change the result of this Court's decisions in

Fisher v. Witmark and Miller Music v. Daniels, it certainly could have done so in Section 304, but it did not; to the contrary, it carefully erected a new structure (the 19 year termination right) based on those decisions. Rohauer seriously erred, therefore, by construing the new structure of Section 304(c)(6)(A) as fundamentally altering the preexisting law. Certainly, at the least, such a dramatic reworking of the law would have occasioned some comment by Congress and the participants in the almost thirty year, well documented revision process.

Apart from the 19 year termination right, the renewal provision of the 1909 Act prevents continued uncompensated use of a derivative work when the owner of the derivative work has no grant of rights in the renewal term.

Under the decision of the court of appeals below, petitioner must compensate

the owner of copyright in the Woolrich short story, which was utilized in the preparation of "Rear Window." This is the result Congress intended in passing the renewal provisions of the 1909 Act. The very reason for a two-term system of copyright duration was to create a new estate in the renewal term for the benefit of the original author or the statutory renewal claimants.

Purchasers of contingent interests in the renewal term well understood, on the basis of Fisher v. Witmark, that they were purchasing only an expectancy, and the inchoate nature of the rights affected the money authors could obtain by assigning their renewal expectancies.

Valid renewal creates a new estate on behalf of the proper statutory renewal claimant. It is clear under section 7 of the 1909 Act that the separate copyright in a derivative work has no effect on the

force or validity of any subsisting copyright in a work from which the subsequent work is derived. The statute very clearly provided that the copyright in the derivative work ("compilation," "adaptations," "dramatizations," etc.) "shall not ... be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works." The effect of the Second Circuit's erroneous decision in the Rohauer case is to accord an exclusive right to use an original work in its adapted form to the owner of copyright in the adapted work, which is contrary to section 7 of the 1909 Act.

If there were any doubt on this point, Congress made crystal clear its intention in the 1976 Act: in adding the 19 year term of copyright and subjecting it to termination, Congress allowed continued use of derivative works under the terms of the

terminated license, but only for the 19 year added period. Based on the Fisher v. Witmark and Miller v. Daniels decisions of the Court, the Congress was well aware that authors could assign only contingent interests to those making adaptations of original works, and therefore that the authors could command only modest compensation for the assignment of expectancies that might never come to fruition. Congress left undisturbed the renewal system of copyright and adopted a different policy regarding continued use of derivative works only for rights subject to the new system of termination.

CONCLUSION

For the reasons given above, the court of appeals correctly applied the statute and its opinion, therefore, should be affirmed.

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